

MEMO OF RECORD
Council on Postsecondary Education

Type: Postsecondary Education Working Group on Performance Funding
Date: December 2, 2020
Time: 9:00 a.m. ET
Location: Virtual Meeting – Working group members by ZOOM, Public viewing hosted on CPE YouTube Page.

CALL TO ORDER

The Postsecondary Education Working Group met Wednesday, December 2, 2020, at 9:00 a.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page.

Chair Aaron Thompson presided.

ATTENDANCE

Working Group Members in attendance:

- CPE President Aaron Thompson, Chair of the Working Group
- State Budget Director John Hicks, representing Governor Beshear
- Senate President Pro Tem David Givens, representing Senate President Robert Stivers
- ECU President David McFaddin
- Beverly Schneller, representing KSU President M. Christopher Brown, II
- KCTCS Interim President Paul Czarapata
- MoSU President Jay Morgan
- MuSU President Robert Jackson
- NKU President Ashish Vaidya
- UK President Eli Capilouto
- Rick Graycarek, representing UL President Neeli Bendapudi
- WKU President Tim Caboni

Representative James Tipton, (representative for Speaker of the House David Osbourne) did not attend.

Presenting CPE staff member in attendance: Dr. Bill Payne, Vice President for Finance and Administration

Heather Faesy, CPE Senior Associate of Board Relations and Special Projects, served as recorder of the memo of record.

GENERAL FUND FLOOR RECOMMENDATION

Dr. Payne discussed the proposal brought forth at the last meeting and provided additional observations, comments and considerations that group should consider. After a thorough discussion on the various components, the group unanimously moved to approve the following final proposal:

- A General Fund appropriation floor (“Floor 21”) should be established for each public postsecondary institution that equals each institution’s revised net General Fund appropriation for fiscal year 2020-21 (FY21) less appropriations for FY21 Mandated Programs.
- The General Assembly is in no way constrained by the proposed General Fund floor for each institution in the event that a budget reduction is necessary.
- Policymakers should prioritize maintaining each institution’s General Fund floor over providing new funds for performance funding.
- Mandated program appropriations should continue to be line-itemed in appropriations bills and are subject to increase or decrease.
- Going forward, there should be no redistribution of base funding among postsecondary institutions, which means the institutions will not provide stop loss contributions to the Postsecondary Education Performance Fund (PEPF).
- Therefore all funding in the PEPF will be appropriations provided by the General Assembly.
- CPE will use the existing public university funding model, and KCTCS will use the existing two-year college model, with no changes, to distribute any new funding appropriated to the PEPF.

- Performance distributions will be non-recurring to the base budgets of institutions that earn those funds, so that performance funds will be recurring to the PEPF in subsequent years.
- CPE will reconvene the working group and submit recommendations for revisions to the models by no later than December 1, 2023.

NEXT STEPS

Council staff will prepare the formal report, ask work group members to review it for accuracy, and then submit it to the Governor, the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Education as required by KRS 164.092.

ADJOURNMENT

The working group adjourned at 10:35 a.m., ET.